



CITY OF FORT LAUDERDALE

**APPROVED**  
**BUDGET ADVISORY BOARD MEETING**  
**CITY OF FORT LAUDERDALE**  
**VIRTUAL MEETING**  
**JULY 15, 2020 – 6:00 P.M.**

<b>Board Member</b>	<b>Attendance</b>	<b>10/2019 through 9/2020 Cumulative Attendance</b>	
		<b>Present</b>	<b>Absent</b>
Brian Donaldson, Chair	P	6	0
Johnnie Smith, Vice Chair	A	4	2
Ross Cammarata	P	6	0
Jeff Lowe	P	6	0
Michael Marshall	P	5	1
Robert McGrath	A	5	1
Prabhuling Patel	P	6	0
Adam Sabin	P	6	0
Christopher Williams	P	6	0
John Xanthos	P	5	1

**Also Attending**

Chris Lagerbloom, City Manager  
Laura Reece, Director, Office of Management and Budget  
John Herbst, City Auditor  
Susan Grant, Director of Finance  
Rick Maglione, Police Chief  
Charmaine Crawford, OMB Department and Board Liaison  
Jamie Opperlee, Prototype Inc. Recording Secretary

**Communications to the City Commission**

None

**Purpose:** To Provide the City with input regarding the taxpayers' perspective in the development of the annual operating budget; to review projections and estimates from the City Manager regarding revenues and expenditures for upcoming fiscal year; to advise the City Commission on service levels and priorities and fiscal solvency; and to submit recommendations to the City Commission no later than August 15 of each year regarding a budget for the upcoming fiscal year.

**I. Call to Order**

The meeting of the Budget Advisory Board was called to order at 6:03 p.m.

**II. Roll Call**

Roll was called, and it was determined a quorum was present.

**III. Approval of Meeting Minutes  
A. June 10, 2020**

**Motion** made by Mr. Patel, seconded by Mr. Lowe, to approve the minutes of the Board's June 10, 2020 meeting. In a voice vote, motion passed unanimously.

**IV. Floor Open for Neighbor Input**

None

**V. Old Business**

None

**VI. New Business**

- Presentation of FY 2021 Proposed Budget and Community Investment Plan to the Budget Advisory Board, City Manager

Mr. Lagerbloom reported the City Commission had voted 4-1 to adopt a 4.1193 millage rate [unchanged] with Commissioner McKinzie opposed.

Commissioners Glassman and McKinzie, as well as others, had provided input regarding deferring implementation of the Florida Retirement System for one year. The teamsters and the Federation of Public Employees had opposed the delay, but they were still negotiating.

Ms. Reece informed the Board that the Special Obligation Bonds had closed at a great interest rate that would save them even more than anticipated.

Ms. Reece said the State would post revenue estimates at the end of July.

Chair Donaldson asked if Mr. Lagerbloom felt they could experience a shortfall greater than \$31 million and Mr. Lagerbloom said he believed there would be more of an impact in future fiscal years.

Mr. Lagerbloom provided an overview of non-General Fund Funds:

- The Airport fund was one of the healthiest funds, which generated revenue by fuel flow. This fund was self-sustained by the fuel and leases.

- The Cemetery Fund was fairly self-sustaining and the perpetual care trust fund was well-funded.
- The Central Services IT Fund was funded by the departments that used the services and it was performing well.
- The Fleet Fund, which paid for all rolling stock, had benefited by a reduction in fuel price.
- The Parking Fund had suffered a reduction in revenues when they shut down the barrier island parking. They had reopened and introduced three different parking zones and different rates for residents and non-residents. They had also initiated a flat fee for service industry workers of \$10 per day.
- The Health Fund was for employee health self-insurance and the Wellness Center. There had been a \$125,000 increase in costs for an online benefits enrollment system this year.
- The Insurance Fund, for Workers' Compensation and General Liability, had spent \$306,000 to transition to a self-insured auto liability claims program, as well as costs associated with the legislation regarding firefighter cancer and workplace violence.
- The Sanitation Fund covered all curbside cart collection, and the rate was based on cost recovery.
- The Stormwater rate had just been approved and the charge would be added to residents' tax bills.
- The Water Sewer fund was based on the cost of service.
- The Central Region Wastewater Fund, which serviced multiple jurisdictions with whom the City had user agreements. They had \$14.3 million in capital budgeted for next year.

Chair Donaldson asked about claims for property damage from sewer breaks and Mr. Lagerbloom explained that most claims were for damages to pavers or boat bottoms; events such as Sailboat Bend in 2016, when houses were inundated, were rare. They used an independent audit firm to review claims. The City Attorney, one City Commissioner and Mr. Lagerbloom discussed claims over \$50,000 and any claims over \$100,000 must go before the full City Commission.

Chair Donaldson asked if the City Commission agreed that the Fiveash water treatment plant would need to be replaced in the next five to seven years. Mr. Lagerbloom said staff had informed the City Commission that Fiveash was at the end of its useful life and explained the debt issuance that would be needed for a replacement.

Chair Donaldson asked for a timeframe for building the new water plant, when it would go online and what the rate increase might be to pay for it. Mr. Lagerbloom recalled they had discussed holding the rate for one more year while they informed the public and the City Commission about the need for a new water plant. In 2022, 2023 and 2024 they would phase in 9% yearly rate increases.

Mr. Lowe asked about the \$2.1 million State fine related to the sewer leaks and Mr. Lagerbloom stated he was still negotiating to hopefully change it to an in-kind project instead of a fine. He explained that the cost for a temporary backup was \$8 – 9 million and the cost a permanent backup was approximately \$15 million. They already planned for the permanent backup, and he hoped that they would be able to move up the permanent backup instead of paying for both the temporary and the permanent ones. He would argue it was cheaper to pay the fine than to pay for the temporary backup.

Mr. Lowe asked about forming a committee for the not-for-profit donations and Mr. Lagerbloom requested the Board's feedback on the proposed donations for this year and staff would establish a process to implement next year. Chair Donaldson asked Ms. Reece to forward the proposed donations to BAB members so they could discuss it with the City Commission at their August joint meeting.

Mr. Patel asked why the stormwater fees were being transferred to the tax bill. Mr. Lagerbloom said they wanted to convert the 'utility bill' to a 'water bill', which necessitated removing the stormwater charge. Stantec had done an analysis and recommended transferring the stormwater fee to the property tax bill.

Mr. Cammarata had researched pensions and felt there should be some attention paid to them. He said it was not too late for the Board to recommend the City not make its annual contribution to the pension fund this year because in the past few years, the fund had exceeded the anticipated rate of return. Mr. Cammarata had also discovered that the investment consultant position for the Police and Fire Pension had not been put out for an RFP in over 10 years. He believed there was "a lot of fat" that could be trimmed.

Mr. Herbst explained that the State Constitution required the City to make the yearly contribution to the pension plan, determined by the plan's actuary, who calculated the normal costs and the outstanding liability. The City had no say in this amount. This requirement was one reason that Florida has such well-funded pension plans.

Regarding an RFP for the investment consultants, Mr. Herbst explained that the pension plans had their own boards of trustees to administer the funds; there was no option for the City to require an RFP go out or for a plan to be managed differently. The trustees had a fiduciary responsibility to members of the plans, not the City. Mr. Herbst agreed to discuss this with Mr. Cammarata before the Board's next meeting and report back to the Board.

## **VII. Communications to/from the City Commission**

None

### **VIII. Board Member Comments**

Chair Donaldson appreciated the work everyone had done on the budget process. He advised Board members to spend the next three weeks going through the proposed budget and address questions to Ms. Reece, who would contact appropriate staff. They would need to come to a consensus at their August meeting on a recommendation for the City Commission.

### **IX. Adjourn**

Upon motion duly made and seconded, the meeting was adjourned at 7:11 p.m.